

**GREENLAND TOWNSHIP
ONTONAGON COUNTY
FINANCIAL REPORT
With Supplemental Information**

March 31, 2006

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Greenland Township	County Ontonagon
Audit Date 3/31/2006	Opinion Date 11/10/2006	Date Accountant Report Submitted to State: 11/17/2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

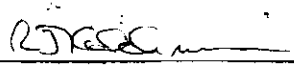
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	x		
Reports on individual federal financial assistance programs (program audits).			x
Single Audit Reports (ASL GU).			x

Certified Public Accountant (Firm Name) Roger J. Kolehmainen PC			
Street Address 1445 East Cloverland Drive	City Ironwood,	State MI	ZIP 49938
Accountant Signature 			

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**Supplemental Reports -
Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

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Roger J. Kolehmainen CPA PC
1445 East Cloverland Drive
Ironwood, MI 49938
(906) 932-3600

INDEPENDENT AUDITOR'S REPORT

Supervisor and Members of the Board
Greenland Township
Mass City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Greenland Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these statements based on our audit.

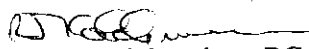
We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit provides a reasonable basis in our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Greenland Township as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 10, 2006, on our consideration of Greenland Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 6 through 11 are not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greenland Township's basic financial statements. The accompanying "Other Financial Information" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.


Roger J. Kolehmainen PC
Certified Public Accountant

Ironwood, Michigan
November 10, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS GREENLAND TOWNSHIP

Year ended March 31, 2006

Management's Discussion and Analysis

This section of the Greenland Township's annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2006. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Government* and is intended to provide the financial results for the fiscal year ending March 31, 2006. This is the first year the financial statements are prepared in accordance with GASB 34.

Government-wide Financial Statements

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole and its component unit. The statements are prepared using the accrual basis of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities. All current year revenues and expenses are reported in the statement of activities. These new statement that have not been required or provided in past years but are now required based on government auditing and accounting standards The two statements report the governmental activities of the Township that include all services performed by the Township. These activities are funded mostly by State revenue sharing, property taxes, landfill fees and charges for services.

The statement of net assets, as stated previously, shows the Township's assets and liabilities. The corresponding balance between the amounts calculates the net assets or deficit of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the Township generally is. This shows if the Township will be able to fund their current obligations and shows what they have available for future use.

The statement of activities shows the current year change in net assets on revenue less expenditure basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township. Any deficiency of revenues over expenditures results in a deficit for the year that in turn reduces the net assets (or increases a deficit) of the Township.

MANAGEMENT'S DISCUSSION AND ANALYSIS GREENLAND TOWNSHIP

Fund Financial Statements

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains three governmental funds. Information is presented separately in the government fund balance sheets and governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Fire Fund (considered major funds) and the Township's Special Revenue Funds – Building Permit Fund, Liquor Fund and Housing Program Fund (considered non-major funds). The Township adopts an annual budget for the general fund and all other major and several Special Revenue Funds (non-major funds). To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general fund and is included in the "Required Supplemental Information" section of this report. Budgetary comparisons for other individual funds are presented under the "Other Financial Information" section of this report.

The Township has a component unit, Downtown Development Authority, which is included in the enclosed the Government-wide financial statements and the governmental funds financial statements. The financial statements are prepared on accrual method of accounting.

MANAGEMENT'S DISCUSSION AND ANALYSIS GREENLAND TOWNSHIP

Proprietary Funds

Proprietary Funds provide services for which the Township charges customers a fee. The Township has one proprietary fund types-enterprise fund. The enterprise fund of the Township is used to report the same functions as the business-type activities in the government-wide financial statements. The Sewer Fund is presented in both the government-wide financial statements and the fund financial statements and is considered a major fund. Enterprise funds are used to account for operations very similar to business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefits of parties outside the government. The fiduciary funds for the Township are the Tax Collection Fund and Pension Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

Notes to Financial Statements

Notes to the financial statements are included in the financial statements, and provide additional information that is essential for a full understanding of the data provide in the government-wide and the fund financial statements.

Government-wide Financial Statements-Condensed Financial Information

Statement of Net Assets

The following is a condensed statement of net assets with a detailed analysis of the statement below as of March 31, 2006.

	<u>March 31, 2006</u>			
	Primary Government			
	Governmental	Business-Type		Component
ASSETS	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Unit</u>
Current Assets:				
Cash and other assets	\$135,255	\$33,454	\$168,709	\$23,085
Other assets	72,509	28,552	101,061	873
Non-current Assets				
Restricted cash	73,245	98,249	171,494	
Capital Assets, net	97,258	1,978,510	2,075,768	7,200
TOTAL ASSETS	\$378,267	\$2,138,765	2,517,032	\$31,158

**MANAGEMENT'S DISCUSSION AND ANALYSIS
GREENLAND TOWNSHIP**

	Primary Government			
	Governmental	Business-Type		Component
LIABILITIES	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Unit</u>
Current Liabilities	\$101,500	\$48,644	\$150,144	\$17,689
Non-current Liabilities		581,300	581,300	
TOTAL LIABILITES	\$101,500	\$629,944	\$731,444	\$17,689
 NET ASSETS				
Investment in capital assets net of related debt	97,258	1,364,629	1,461,887	7,200
Restricted	73,245		73,245	
Unrestricted	106,264	144,192	250,456	6,269
TOTAL NET ASSETS	\$276,767	\$1,508,821	1,785,588	\$13,469
TOTAL LIABILITIES AND NET ASSETS	\$378,267	\$2,138,765	\$2,517,032	\$31,158

Results of Operations

The results of operations for Greenland Township as a whole are reported in the statement of activities. This statement reports the changes in net assets for both governmental and business-type activities. The following is a condensed statement of activities for the years ended March 31, 2006.

	Primary Government			
	Governmental	Business-Type		Component
REVENUES:	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Unit</u>
Program Revenues:				
Charges for services	\$16,529	\$65,074	\$81,603	\$329
General Revenues:				
Property taxes	33,262		33,262	7,376
State-shared revenues	66,156		66,156	
Landfill fees	49,688		49,688	
Investment income	2,646	1,441	4,087	295
Other income	12,593	240	12,833	
TOTAL REVENUES	\$180,874	\$66,755	\$247,629	\$8,000
 EXPENSES:				
Governmental activities	\$125,998		\$125,998	\$7,432
Business-type activities		\$122,723	122,723	
TOTAL EXPENSES	\$125,998	\$122,723	\$248,721	\$7,432
CHANGES IN NET ASSETS	\$54,876	(\$55,968)	(\$1,092)	\$568
Net Assets 3/31/2005	221,891	1,564,789	1,786,680	12,901
Net Assets 3/31/2006	\$276,767	\$1,508,821	\$1,785,588	\$13,469

MANAGEMENT'S DISCUSSION AND ANALYSIS GREENLAND TOWNSHIP

Governmental Activities

Property taxes and other tax revenues comprise \$44,613 or approximately 25 percent of total governmental revenues. The Township also received \$67,607 (37%) and \$49,688 (27%) in State shared revenues and landfill fees during the fiscal year.

The Township expended \$162,449 on governmental programs and services. The largest expense category was for general government services in the amount of \$75,865 or 46%.

Business-Type Activities

Business-type activities decreased the Township's net assets by \$55,968. Charges for services for water and sewer activities for the year were \$65,074 and expenditures amounted to \$122,723.

Financial Analysis of Governmental Funds

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirement.

Governmental Funds

The focus of the Township's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. The Township's governmental funds reported combined ending fund balances of \$179,509 of which \$73,245 is reserved for various road and building projects, with the remaining \$106,264 available for discretionary spending.

On the budgetary basis of accounting, the Township ended the year with revenues 10% greater than the amount budgeted and expenditures being 38% lower than the amount budgeted. Significant positive cost savings were realized in the area of public works.

Proprietary Fund

The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net asset of the Sewer Fund as of March 31, 2006 was \$144,192

MANAGEMENT'S DISCUSSION AND ANALYSIS GREENLAND TOWNSHIP

Capital Assets and Debt Administration

The Township's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities as of March 31, 2006 was \$2,069,622.

Major capital expenditures for governmental funds were for Township's fire equipment, road improvements and township property improvements.

Other Economic Factors and Next Years Budget

Economic Factors

Currently, the State of Michigan is experiencing a severe budgetary crisis. As such, it is anticipated that future state cuts will likely translate into strategic reductions of Township expenses to maintain a sound budget. Despite the poor outlook of the state's budget, the Township will continue to strive to provide good social and cultural conditions that support healthy families and maintain a safe and clean community in which to live.

Request for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor
Greenland Township
PO Box 204
Mass City, MI 49948

GREENLAND TOWNSHIP
STATEMENT OF NET ASSETS
March 31, 2006

	<u>Primary Government</u>			
	<u>Governmental</u>	<u>Business-type</u>	<u>Totals</u>	<u>Component</u>
	<u>Activities</u>	<u>Activities</u>		<u>Unit</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$135,255	\$33,454	\$168,709	\$23,085
Accounts receivable-net	17,029	26,365	43,394	
Delinquent taxes receivable	6,929		6,929	873
Due from other funds	20,397		20,397	
Due from component unit	17,389		17,389	
Accrued interest income		119	119	
Deferred charges	10,765	2,068	12,833	
TOTAL CURRENT ASSETS	\$207,764	\$62,006	\$269,770	\$23,958
RESTRICTED ASSETS:				
Restricted cash	73,245	98,249	171,494	
NON-CURRENT ASSETS:				
Capital assets	98,958	3,044,971	3,143,929	7,200
Accumulated depreciation	(1,700)	(1,072,607)	(1,074,307)	
Loan acquisition costs-net		6,146	6,146	
TOTAL NON-CURRENT ASSETS	97,258	1,978,510	2,075,768	7,200
TOTAL ASSETS	\$378,267	\$2,138,765	\$2,517,032	\$31,158
LIABILITIES				
Current Liabilities:				
Accounts payable	\$74,990	\$498	\$75,488	\$300
Accrued wages/taxes	5,017	925	5,942	
Accrued interest payable		9,910	9,910	
Due to other funds		19,975	19,975	
Due to primary government				17,389
Advance collections		4,336	4,336	
Deferred revenues	21,493		21,493	
Current maturity on long-term debt		13,000	13,000	
TOTAL CURRENT LIABILITIES	\$101,500	\$48,644	\$150,144	\$17,689
NON-CURRENT LIABILITIES				
Bonds payable		594,300	594,300	
Current maturity on long-term debt		(13,000)	(13,000)	
TOTAL NON-CURRENT LIABILITIES		581,300	581,300	
TOTAL LIABILITIES	\$101,500	629,944	\$731,444	\$17,689
NET ASSETS				
Investment in capital assets, net of related debt	\$97,258	1,364,629	\$1,461,887	\$7,200
Reserved	73,245		73,245	
Unreserved	106,264	144,192	250,456	6,269
TOTAL NET ASSETS	\$276,767	\$1,508,821	\$1,785,588	\$13,469
TOTAL LIABILITIES AND NET ASSETS	\$378,267	\$2,138,765	\$2,517,032	\$31,158

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended MARCH 31, 2006

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>	
Primary government:				
Governmental Activities				
General government	\$87,212	\$11,351	(\$75,861)	
Public safety	18,540	5,178	(13,362)	
Public works	11,560		(11,560)	
Recreation and culture	6,881		(6,881)	
Other	1,805		(1,805)	
Total Governmental Activities	<u>\$125,998</u>	<u>\$16,529</u>	<u>(\$109,469)</u>	
Business-type Activities				
Sewer	\$122,723	\$65,074	(\$57,649)	
Total Business – type Activities	<u>\$122,723</u>	<u>\$65,074</u>	<u>(\$57,649)</u>	
Total primary government	<u>\$248,721</u>	<u>\$81,603</u>	<u>(\$167,118)</u>	
Component unit:				
Development activities	\$7,432	\$329	(\$7,103)	
Total component unit	<u>\$7,432</u>	<u>\$329</u>	<u>(\$7,103)</u>	
Changes in Net Assets				
	Primary Government			
	<u>Governmental Activities</u>	<u>Business – type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Net (Expense) Revenue	(\$109,469)	(\$57,649)	(\$167,118)	(\$7,103)
General Revenues:				
Property taxes	33,262		33,262	7,376
State-Shared revenues	66,156		66,156	
Landfill fees	49,688		49,688	
Investment income	2,646	1,441	4,087	295
Other	12,593	240	12,833	
Total General Revenues and Transfers	<u>\$164,345</u>	<u>\$1,681</u>	<u>\$166,026</u>	<u>\$7,671</u>
Changes in Net Assets	\$54,876	(\$55,968)	(\$1,092)	\$568
Net Assets at Beginning of Year	221,891	1,564,789	1,786,680	12,901
Net Assets at End of Year	<u>\$276,767</u>	<u>\$1,508,821</u>	<u>\$1,785,588</u>	<u>\$13,469</u>

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS

March 31, 2006

Primary Government

	<u>General</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>	<u>Component Unit</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$74,791	\$47,503	\$12,961	\$135,255	\$23,085
Accounts receivable-net	16,920	109		17,029	
Delinquent taxes receivable	5,299	1,630		6,929	873
Due from component unit	17,389			17,389	
Due from other funds	41,890			41,890	
Deferred charges	10,765			10,765	
TOTAL CURRENT ASSETS	\$167,054	\$49,242	\$12,961	\$229,257	\$23,958
NON-CURRENT ASSETS					
Restricted cash	73,245			73,245	
TOTAL NON-CURRENT ASSETS	73,245			73,245	
TOTAL ASSETS	\$240,299	\$49,242	\$12,961	\$302,502	\$23,958
LIABILITIES					
Current Liabilities					
Accounts payable	\$68,445	\$6,545	\$	\$74,990	\$300
Accrued wages/taxes	5,017			5,017	
Due to primary government					17,389
Deferred revenues	21,493			21,493	
Due to other funds		21,493		21,493	
TOTAL CURRENT LIABILITIES	\$94,955	\$28,038	\$	\$122,993	\$17,689
TOTAL LIABILITIES	\$94,955	\$28,038	\$	\$122,993	\$17,689
FUND BALANCES					
Reserved	73,245			73,245	
Unreserved	72,099	21,204	12,961	106,264	6,269
TOTAL FUND BALANCES	\$145,344	\$21,204	\$12,961	\$179,509	\$6,269
TOTAL LIABILITIES AND FUND BALANCES	\$240,299	\$49,242	\$12,961	\$302,502	\$23,958

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances for Governmental Funds \$179,509

Capital assets used in governmental activities are not financial resources and therefore 97,258

are not reported in the funds, net of accumulated depreciation:

Long-term liabilities, compensated absences, are not due and payable in the current period and therefore are not reported in the funds:

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$276,767

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year ended March 31, 2006

	<u>General</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Component Unit</u>
REVENUES:					
Taxes	\$12,541	\$12,714	\$	\$25,255	\$7,376
Other taxes	8,007			8,007	
Tax administrative fees	11,351			11,351	
State shared revenues	66,156		1,451	67,607	
Charges for services	50,202		3,727	53,929	
Interest	2,280	237	129	2,646	295
Sale of assets	7,601			7,601	
Other revenue	2,863	1,615		4,478	329
	<u>\$161,001</u>	<u>\$14,566</u>	<u>\$5,307</u>	<u>\$180,874</u>	<u>\$8,000</u>
EXPENDITURES					
Legislative	\$12,168	\$	\$	\$12,168	\$
General government	75,865			75,865	
Public safety	12,142	6,545	6,039	24,726	
Public works	23,173			23,173	
Recreation and culture	10,712			10,712	
Economic development					14,632
Other	1,296			1,296	
Debt service		14,509		14,509	
	<u>\$135,356</u>	<u>\$21,054</u>	<u>\$6,039</u>	<u>\$162,449</u>	<u>\$14,632</u>
EXCESS OF REVENUES (EXPENDITURES)	25,645	(6,488)	(732)	18,425	(6,632)
OTHER FINANCING SOURCES (USES)					
Transfers to/from other funds	(861)		861		
EXCESS OF REVENUES EXPENDITURES) AND OTHER FINANCING USES	\$24,784	(\$6,488)	\$129	\$18,425	(\$6,632)
Fund Balance at 3/31/2005	120,560	27,692	12,832	161,084	12,901
FUND BALANCE 3/31/2006	\$145,344	\$21,204	\$12,961	\$179,509	\$6,269

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year ended March 31, 2006

Continued

Reconciliation of the change in fund balances – Total Governmental Funds to the changes in net assets of governmental activities:

Net change in fund balances – Total Governmental Funds	\$18,425
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Additions:

Capital asset purchases capitalized	\$24,051
Depreciation expense	(1,600)

The issuance of long-term debt (loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal paid on long-term debt	14,000
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Change in Net Assets of Governmental Activities	<u>\$54,876</u>
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The accompanying notes are an integral part of the financial statements

GREENLAND TOWNSHIP
STATEMENT OF NET ASSET
PROPRIETARY FUND

March 31, 2006

	<u>Sewer</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$33,454
Accounts receivable-net	26,365
Due from other funds	
Accrued interest income	119
Deferred charges	2,068
Total Current Assets	<u>\$62,006</u>
RESTRICTED ASSETS:	
Cash	98,249
Total Restricted Assets	<u>98,249</u>
NONCURRENT ASSETS:	
Property, plant and equipment	3,044,971
Accumulated depreciation	(1,072,607)
Loan acquisition costs-net	6,146
Total Non-Current Assets	<u>1,978,510</u>
TOTAL ASSETS	<u>\$2,138,765</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable	\$498
Accrued wages/taxes	925
Accrued interest payable	9,910
Due to other funds	19,975
Advance collections	4,336
Current maturity on long-term debt	13,000
Total Current Liabilities	<u>\$48,644</u>
LONG TERM LIABILITIES	
Revenue bonds payable	594,300
Less current maturity on long-term debt	(13,000)
Total long-term liabilities	<u>581,300</u>
TOTAL LIABILITIES	<u>629,944</u>
NET ASSETS:	
Investment in capital asset net of related debt	1,364,629
Unreserved	144,192
TOTAL NET ASSETS	<u>\$1,508,821</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,138,765</u>

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS TYPE
Year ended March 31, 2006

Business type Activities - Enterprise Fund	
	<u>Sewer Funds</u>
Operating revenues:	
Charges for services	\$65,074
Other revenues	240
Total Operating Revenues	<u>\$65,314</u>
Operating expenses:	
Wages and benefits	\$7,181
Contractual costs/repairs	3,507
Provision for depreciation/amortization	70,338
Operating supplies	714
Transportation	90
Utilities	5,122
Insurance	3,335
Administration	2,282
Miscellaneous	331
Total Operating Expenses	<u>\$92,900</u>
Operating income (loss)	<u>(\$27,586)</u>
 Non-operating revenues (expenses)	
Interest income	1,441
Interest expense	<u>(29,823)</u>
	<u>(\$28,382)</u>
 Change in Net Assets	<u>(\$55,968)</u>
Net Assets - March 31, 2005	<u>1,564,789</u>
 NET ASSETS – MARCH 31, 2006	 <u>\$1,508,821</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS TYPE
 GREENLAND TOWNSHIP
 Year ended March 31, 2006

Business type Activities - Enterprise Fund

	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$63,714
Payments to employees and suppliers for goods and services	(23,580)
Net Cash Provided (Used) by Operating Activities	40,134
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of assets	(6,868)
Revenue bond principal/loans paid	(13,000)
Interest paid on bonds payable	(29,823)
Net Cash Provided (Used) for Capital and Related Financing Activities	(49,691)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	1,441
Net Cash Provided (Used) by Investing Activities	1,441
Net Increase (Decrease) in Cash	(8,116)
Cash and Cash Equivalents, March 31, 2005	139,819
CASH AND CASH EQUIVALENTS, March 31, 2006	<u>\$131,703</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	(\$27,586)
Adjustments to reconcile income (loss) to net cash provided (used) by operating activities:	
Depreciation/amortization	70,338
Change in assets and liabilities:	
Accounts receivable	(1,360)
Accrued interest income	53
Deferred charges	91
Accounts payable	(633)
Accrued wages/taxes	240
Customer advance payments	(557)
Due to other funds	(235)
Accrued interest payable	(217)
Net Cash Provided by Operating Activities	<u>\$40,134</u>
Noncash investing, capital and financing activities: None	
The accompanying notes are an integral part of the financial statements	

GREENLAND TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
Year ended March 31, 2006

Agency Funds			
	Tax Collection <u>Fund</u>	Pension <u>Fund</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$422	\$4,640	\$5,062
TOTAL ASSETS	\$422	\$4,640	\$5,062
LIABILITIES			
Due to Township	\$422	\$	\$422
TOTAL LIABILITIES	\$422	\$	\$422
NET ASSETS			
Held in trust for pension benefits		\$4,640	\$4,640
TOTAL NET ASSETS	\$	\$4,640	\$4,640
TOTAL LIABILITIES AND NET ASSETS	\$422	\$4,640	\$5,062

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION FUND
Year ended March 31, 2006

		Agency Funds
<hr/>		
	ADDITIONS	
Contributions		\$1,379
Investment gains		2,273
Interest income		201
	TOTAL ADDITIONS	<hr/> \$3,853
	DEDUCTIONS	
Administrative fees		\$347
Distributions		36,193
	TOTAL DEDUCTIONS	<hr/> \$36,540
Changes in Net Assets		(32,687)
Net Assets at Beginning of Year		<hr/> 37,327
Net Assets at End of Year		<hr/> <hr/> \$4,640

The accompanying notes are an integral part of the financial statements

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Township of Greenland operates with an elected board of trustees, which includes a supervisor, clerk and treasurer. The Township provides to its residents, services in many areas including public safety, highways and streets, sanitation, culture and recreation, planning and zoning, and general administrative services.

The Township complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Township the option of electing to apply FASB pronouncements issued after November 30, 1989. The Township has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Local Unit (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. On this basis, the financial statements of the Downtown Development Authority has been included as a component unit, whereas, the local school district are not included in the financial statement of the Township. Educational services are provided to citizens through the local school district which is a separate governmental entity. Furthermore, two fire department cash accounts have not presented for audit nor been included in the enclosed financial statements.

Basis of Presentation

The Statement of Net Assets and Statement of Activities display information about the reporting as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is place on major funds within the governmental and proprietary categories. A fund is considered major if it's the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds in that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

General Fund - is the primary operating fund of the Township and always classified as a major fund. This fund is used to account for all financial resources except those legally or administratively required to be accounted for in another fund.

Fire Fund – are used to account for tax monies received to defray major capital purchases and debt retirement payments.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds report operations that provide services, which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes. The funds are used to account for utility operations in a manner similar to private business enterprises. The intent of the Township is to recover operating expenses, including depreciation, through user charges.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

FIDUCIARY FUND TYPE (Not included in government-wide statements)

Agency Funds - These funds are used to account for assets held by the Township in a trustee capacity or as an agent for other governments and/or other funds. They include the Tax Collection Fund and the Pension Fund. These funds are custodial in nature and do not involve measurement of results of operations. The Pension Fund is a trust fund used to account for the accumulation of resources deposited into a defined contribution pension plan payable to retired employees.

COMPONENT UNITS

The Greenland Downtown Development Authority has been shown in the financial statements as a discretely presented component unit of Greenland Township.

MAJOR AND NONMAJOR FUNDS

The governmental and enterprise funds of the Township are further classified as major and nonmajor funds as follows:

<u>Fund</u>	<u>Brief Description</u>
<u>MAJOR FUNDS</u>	
1. General	See above for description.
2. Fire	Account for separate tax levy to defray capital purchases and debt retirement payments.
3. Sewer	Account for revenues and expenses of providing sewer services to the public.
<u>NONMAJOR FUNDS</u>	
4. Liquor Law Enforcement	Account for enforcement of compliance with liquor law operations.
5. Building Inspection	Account for building inspection fees charged and related costs incurred.
<u>COMPONENT UNIT</u>	
6. Development Authority	Account for economic development activities.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end with the exception of State Shared revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposits of the Township. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. See Note G for details of interfund transactions, including receivables and payable at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes; delinquent real property taxes and tax administrative fees. Business-type activities report utilities earnings as their major receivables. Delinquent account balances can be placed on tax rolls and can be a lien against real property, therefore, they are considered fully collectable.

Note Receivable

The General Fund provided a \$35,000 loan to Greenland Downtown Development Authority in the remodeling of a commercial building to be leased as a restaurant. The Authority has agreed to make monthly payments of \$306.43 at 4% interest for the term of 12 years. Payments began in July 1999. The amount due from the component unit as of March 31, 2006 was \$17,389.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Inventories

An inventory of Governmental Fund and Proprietary Fund Types operating supplies are considered to be immaterial and are not recognized.

Fixed Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with initial individual costs of \$1,000 in capital betterments and equipment additions. All fixed assets are valued at historical cost. Capital assets for proprietary funds are recognized on assets costing over \$150 and with a useful life of over three years. The Township, in adopting GASB 34, elected to capitalize asset and infrastructure improvements effective as of April 1, 2004 and subsequently.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets for governmental funds. Depreciation has been provided over the useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable fixed assets are as follows:

Land	Not depreciated
Land improvements	20-50 Years
Buildings and improvements	20-50 Years
Utility Systems	50 Years
Software	5 Years
Equipment	5-20 Years
Vehicles	5-7 Years
Infrastructure (ROW)	19 Years

Deferred revenues

The Township executed a contract for the sale of stumpage and received a deposit of \$21,493 (equals full sales price) towards the future cutting and removal of the standing timber. The purchaser has requested and has received Board permission of a time extension. The contract is worded such to allow for potential arbitration should the terms are not met. Since the timber has not been cut nor removed as agreed upon, recognition of sales proceeds will delayed until the terms of the contract has been fulfilled.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements. Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' statement of net assets. Depreciation has been provided over the useful lives using the straight-line method of depreciation.

Restricted Assets

Proprietary Fund Types Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of cash that can be used only to service outstanding debt and to pay for repairs and maintenance of the utility systems. The Township has deposited monies in excess of the minimal amounts required per covenants. The Governmental Fund has designated monies for future road/sidewalk improvements; building acquisition and improvements, and future cemetery care.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations of proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bond revenue notes payable. Any long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on the ensuing December 1. The Township bills and collects its own property taxes and also collects current rolls for the County and School District. The Township records delinquent real property taxes as revenue upon levy; since the County will sell tax notes and remits monies to the various units of government shortly after year end.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Budgets

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the proposed budget for each budgetary fund is submitted to the Township Board for consideration. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held at the annual Township Board meeting to obtain taxpayers comments.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted prior to the fiscal year by the majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. Any revisions to the budgeted amounts must be approved by a majority vote of the Township Board.
7. Budget appropriations lapse at the end of each fiscal year.
8. Budgeted amounts presented in the financial statements are as originally adopted and amended by the Township Board.

Formal budgets for Major Funds and Special Revenue Funds were available whereas, budgets are not required for the operations of the Proprietary Fund types.

Pension

The pension cost as reported in the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets are recorded on a cash basis due to timing differences in payments received from the Township.

Fund Equity

The unreserved fund equity for governmental funds represents the amount available for budgeting future operations.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Interest Expense

Interest on bonded indebtedness is recorded as expenditure as accrued.

Interest Receivables

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Due to and Due from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Fund Statement

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Proprietary fund equity is classified the same as in the government-wide statements.

Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Proprietary Fund Type consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods, and/or services. It also includes are revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In government-wide financial statements, expenses are classified by function for governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE B - CASH

Statutes authorize the Township to deposit cash in financial institutions covered by federal depository insurance and to invest in obligations of the United States Treasury, agencies and instrumentalities; commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services: United States government or agency obligation repurchases agreements; bankers' acceptances of United States banks; certain mutual funds and certain common stocks. All accounts are in the name of the Township and the Township holds certificates of deposit which are recorded in the Township records at cost. Interest is recorded when the interest is accrued.

Following is a summary of the carrying amount of cash at March 31, 2006:

Cash deposited in banks insured by federal depository insurance	\$209,628
Funds in excess of insurance limits	131,373
Less outstanding items	(376)
Total	<u>\$340,625</u>

Pension Trust Fund investments of \$4,640 were invested entirely in annuity contracts in accordance with State of Michigan statutes. Market value of \$4,640 as of March 31, 2006 approximates carrying value. The investments are not subject to categorization of credit risk.

NOTE C - RECEIVABLES

Accounts receivable and related allowances for uncollectible are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
General Fund .	\$22,219	\$	\$22,219
General Fund-note rec.	\$17,389	\$	\$17,389
SRF-Fire Fund	\$1,739	\$	\$1,739
Sewer Fund	\$26,365	\$	\$26,365

General Fund - generally consists of delinquent tax monies; administrative fees; State Shared Revenues and insurance reimbursements. Note receivable is from a component unit (DDA).

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Sewer Fund - delinquent account balances are placed on tax rolls and can be a lien against real property. Receivables are considered to be fully collectible.

Fire Fund – generally consist of delinquent property taxes and contributions from another local unit towards debt service payments.

NOTE D - SUMMARY OF TAX ROLL

Following is a summary of the 2005 property tax roll:

	<u>Levy</u>	<u>Taxes Returned Delinquent</u>	<u>Net Tax Collected</u>
Real/Personal Property taxes:			
County	\$220,981	\$28,227	\$192,754
School/SET	248,195	27,399	220,796
Township	25,063	3,354	21,709
CFR	39,498	340	39,158
Delinquent utilities			
Totals:	<u>\$533,737</u>	<u>\$59,320</u>	<u>\$474,417</u>

Taxable Valuation – (excludes CFR; lease
Lands; and captured DDA taxes):

Real property	\$12,410,359
Personal property	<u>1,466,950</u>
Total	<u>\$13,877,309</u>

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE E - DELINQUENT TAX RECEIVABLE

The County of Ontonagon purchases the delinquent real property taxes of the Township for the 2005 levied. The County intends to sell tax notes, the proceeds of which will be used to pay the Township for these delinquent taxes shortly after yearend. The delinquent real property taxes are recorded as current year tax revenues.

NOTE F - PUBLIC ACT 275 OF 1980 DISCLOSURE

The Township had no deficits in any funds as of March 31, 2006, which would require specific disclosure.

NOTE G - INTERFUND RECEIVABLES AND PAYABLE

The amounts of interfund receivables and payable at March 31, 2006, are as follows:

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Funds</u>	<u>Interfund Payable</u>
General Fund-		Sewer Fund-	
Sewer Fund	\$19,975	General Fund	\$19,975
Tax Fund	422	Tax Fund-	
Fire Fund	21,493	General Fund	422
		Fire Fund-	
		General Fund	21,493
TOTALS	<u>\$41,890</u>		<u>\$41,890</u>

NOTE H - SEWER FUND OTHER ASSETS

Sewer Fund other assets consist of legal fees incurred in connection with the 1989 Sewer Disposal System Revenue Bonds issued. These costs are being amortized using the straight-line method over the life of forty years. The current year amortization cost was \$250.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE I – CAPITAL ASSETS

A summary of changes in general fixed assets follow:

Governmental Activities	Balance at March 31, 2005	Additions	Deletions	Balance at March 31, 2006
Capital Assets being Depreciated				
Buildings and improvements	\$	\$1,500	\$	\$1,500
Vehicles		6,545		6,545
Software	2,395			2,395
Equipment	4,992	4,006		8,998
Infrastructure-roads	67,520	12,000		79,520
	<u>\$74,907</u>	<u>\$24,051</u>	<u>\$</u>	<u>\$98,958</u>
Less Accumulated Depreciation	(100)	(1,600)		(1,700)
Net	<u>\$74,807</u>	<u>\$22,451</u>	<u>\$</u>	<u>\$97,258</u>

NOTE J - ENTERPRISE FUNDS – CAPITAL ASSETS

A summary of proprietary fund type property, plant and equipment follows:

Sewer Fund

Business-Type Activities	Balance at March 31, 2005	Additions	Deletions	Balance at March 31, 2006
Capital Assets not Depreciated				
Land	\$71,923	\$	\$	\$71,923
Capital Assets being Depreciated				
Land improvements	73,668			73,668
Utility plant and buildings	2,541,754			2,541,754
Vehicle	23,496			23,496
Equipment	327,262	6,868		334,130
Subtotals	<u>\$3,038,103</u>	<u>\$6,868</u>	<u>\$</u>	<u>\$3,044,971</u>
Less Accumulated Depreciation	(1,002,519)	(70,088)		(1,072,607)
Net	<u>\$2,035,584</u>	<u>(\$63,220)</u>	<u>\$</u>	<u>\$1,972,364</u>

Depreciation is computed using the straight-line method.

Depreciation Expense 2005/2006 \$70,088

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE K – LIQUOR LICENSE REBATES

Liquor license monies totaling \$1,451 were received during the year and were used to defray liquor enforcement costs, with the balance of monies transferred to the General Fund.

NOTE L – ACCOUNTS PAYABLE

The General Fund's accounts payable were for normal expenditures and two outstanding road contractual obligations (\$64,500). The Proprietary Fund account payable balances were for normal expenditures at year-end. The Fire Fund includes the purchased of a pickup truck at year end.

NOTE M – SUMMARY OF CHANGES IN LONG-TERM DEBT

A summary of the changes in the Township's long-term debt follows:

	<u>Balance at April 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at March 31, 2006</u>
Sewage Disposal System Revenue Bonds	\$607,300	\$	\$13,000	\$594,300
Installment loan Payables	14,000		14,000	
	<u>\$621,300</u>	<u>\$</u>	<u>\$27,000</u>	<u>\$594,300</u>

Sewage Disposal System

NOTE N – SEWER BOND PAYABLE

Revenue bonds payable in the Sewer fund were issued in 1989 for the purpose of defraying part of the cost of wastewater disposal and sewer improvements in portions of Greenland Township. Repayment of the bonds is being made through hoop up fees and monthly charges to users of the system.

Sewage Disposal System Revenue Bonds were issued for \$720,000 on June 28, 1989, and they mature annually as scheduled below and bear interest at 5% per annum. The present amount of bonds outstanding as of March 31, 2006 is \$594,300. The Township has been making additional principal payments.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Principal installments of these bonds are subject to prepayment prior to maturity, in inverse chronological order, at the issuer's option, on any interest payment date on or after June 1, 1992, at par and accrued interest to the date fixed for prepayment.

Debt service charges until maturity are:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$13,000	\$31,875	\$44,875
2008	14,000	31,200	45,200
2009	14,000	30,500	44,500
2010	15,000	29,775	44,775
2011	16,000	29,000	45,000
2012	17,000	28,175	45,175
2013	18,000	27,300	45,300
2014	19,000	26,375	45,375
2015	20,000	25,400	45,400
2016	21,000	24,375	45,375
2017	22,000	23,300	45,300
2018	23,000	22,175	45,175
2019	24,000	21,000	45,000
2020	25,000	19,775	44,775
2021	27,000	18,475	45,475
2022	28,000	17,100	45,100
2023	30,000	15,650	45,650
2024	31,000	14,125	45,125
2025	33,000	12,525	45,525
2026	34,000	10,850	44,850
2027	36,000	9,100	45,100
2028	38,000	7,250	45,250
2029	40,000	5,300	45,300
2030	36,300	3,250	39,550
2031			
	<u>\$594,300</u>	<u>\$483,850</u>	<u>\$1,078,150</u>

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

INSTALLMENT LOANS

During 1998, the Township purchased a new fire truck for \$122,500 of which \$65,000 was financed by the United States Department of Agriculture and the balance was grant funded. The loan is repayable in annual payments including interest at the rate of 4.75 per annum. As of March 31, 2006, the Township paid off the remaining loan balance

NOTE O – EMPLOYEE RETIREMENT PLAN

Effective January 1, 1970, the Township adopted a defined contribution pension plan, administered by Manufacturers Life Insurance Company (under the direction of the Township Clerk), which provides pension benefits to elected Board Members, who have attained the age of 18. Employees are required to match contributions made by the employer based upon pay range scales. The contributions are made to individual participates pension plans and are immediately vested. Investment of plan assets is the responsibility of each participant. In 2005, John Hancock Life Insurance Company replaced Manufacturer Life Insurance Company.

For the time period April 1, 2005 to March 31, 2006, employer contributions received amounted to \$668, with employee contributions being \$712. The Township makes quarterly contributions of employer and employee portions. The amount payable at year end was \$367. Plan assets held in pension investment accounts amounted to \$4,640 as of March 31, 2006. Additional pension plan information was unavailable for more detailed disclosure.

NOTE P – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township provides sewage services. Segment information as of March 31, 2006, follows:

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

	Sewer Utility Fund
Operating revenues	\$65,074
Depreciation/amortized expense	\$70,338
Operating income (loss)	(\$27,586)
Restrictive donations/grants	0
Operating transfers	0
Tax revenues	0
Increase (decrease) in	
Net Asset	(\$55,968)
Current capital contribution	0
Increase (decrease) in	
Fixed assets	\$6,868
Long-term debt payable	
from operating revenues	\$594,300
Net Assets	
Unreserved (deficit)	\$144,192

NOTE Q – RISK MANAGEMENT

The Township is exposed to various risks of losses related to torts; theft or, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained coverage from commercial insurance companies. The Township has comprehensive general liability coverage of \$1,000,000 per occurrence and a \$3,000,000 aggregate limit, with no deductible amount.

All risk management activities are accounted for in the General Fund of the Township. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Management estimates that the amount of actual or potential claims against the Township as of March 31, 2006, will not materially affect the financial condition of the Township. Therefore, the General Fund contains no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five years.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE R – RESTRICTED FUND AND CASH BALANCES

The Township has designated the General Fund balance for various activities as follows:

Road repairs and improvements	\$43,295
Building acquisition and improvements	28,739
Cemetery perpetual care	<u>1,211</u>
Totals	<u>\$73,245</u>

The General Fund has several restricted cash accounts with \$73,245 set aside towards fully funding the restricted fund balance. The Proprietary Funds have established and funded (\$98,249) various cash accounts in fulfilling various bond covenant agreements.

REQUIRED SUPPLEMENTAL
FINANCIAL INFORMATION

GREENLAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE- BUDGET TO ACTUAL
MAJOR GOVERNMENTAL FUND - GENERAL FUND
For the Year ended March 31, 2006

Budgeted Amounts

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Taxes	\$15,000	\$15,000	\$12,541	(\$2,459)
Other taxes	9,300	9,300	8,007	(1,293)
Tax administrative fees	7,695	7,695	11,351	3,656
State shared revenues	65,000	65,000	66,156	1,156
Charges for services/landfill	36,000	36,000	50,202	14,202
Interest	350	350	2,280	1,930
Sale of assets	150	150	7,601	7,451
Rental income	600	600	391	(209)
Other revenue	12,450	12,450	2,472	(9,978)
	<u>\$146,545</u>	<u>\$146,545</u>	<u>\$161,001</u>	<u>\$14,456</u>
EXPENDITURES				
Legislative	\$18,000	\$18,000	\$12,168	\$5,832
General government	87,127	87,127	75,865	11,262
Public safety	17,900	17,900	12,142	5,758
Public works	76,500	76,500	23,173	53,327
Recreation and culture	13,900	13,900	10,712	3,188
Other	5,800	5,800	1,296	4,504
	<u>\$219,227</u>	<u>\$219,227</u>	<u>\$135,356</u>	<u>\$83,871</u>
EXCESS OF REVENUES (EXPENDITURES)	(72,682)	(72,682)	25,645	98,327
OTHER FINANCING SOURCES (USES)				
Transfers to/from other funds	(740)	(740)	(861)	(121)
EXCESS OF REVENUES EXPENDITURES) AND OTHER FINANCING USES	(\$73,422)	(\$22,500)	\$24,784	\$98,206
Fund Balance at 3/31/2005	120,560	120,560	120,560	
FUND BALANCE MARCH 31, 2006	<u>\$47,138</u>	<u>\$47,138</u>	<u>\$145,344</u>	<u>\$98,206</u>

The accompanying notes are an integral part of the financial statements.

OTHER FINANCIAL
INFORMATION

GREENLAND TOWNSHIP
MAJOR GOVERNMENTAL FUND
GENERAL FUND
DETAIL OF EXPENDITURES AND COMPARISON WITH BUDGET

Year ended March 31, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
LEGISLATIVE				
Township Board:				
Salaries			\$2,673	
Office supplies			2,362	
Operating supplies			392	
Communications			1,075	
Professional fees			4,295	
Transportation			103	
Printing and publications			157	
Repairs and maintenance			399	
Dues			643	
Miscellaneous			69	
TOTAL LEGISLATIVE	\$18,000	\$18,000	\$12,168	\$5,832
 General Government:				
Supervisor:				
Salaries			\$5,425	
Other wages			147	
Office supplies			40	
Dues			162	
TOTAL SUPERVISOR	\$6,400	\$6,400	\$5,774	\$626
 Election:				
Wages			\$362	
Office supplies			660	
Contractual costs			693	
TOTAL ELECTIONS	\$2,175	\$2,175	\$1,715	\$460

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
MAJOR GOVERNMENTAL FUND
GENERAL FUND
DETAIL OF EXPENDITURES AND COMPARISON WITH BUDGET

Year ended March 31, 2006				
	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Assessor:				
Salaries			\$7,392	
Office supplies			949	
Transportation			448	
Miscellaneous			14	
TOTAL ASSESSOR	\$8,692	\$8,692	\$8,803	(\$111)
Clerk:				
Salary			\$5,236	
Deputy wages			1,133	
Other wages			4,069	
Office supplies			283	
Contractual services			140	
Transportation			94	
Printing and publications			34	
Miscellaneous			2	
TOTAL CLERK	\$6,700	\$6,700	\$10,991	(\$4,291)
TOTAL BOARD OF REVIEW	\$1,250	\$1,250	\$472	\$778
Treasurer:				
Salary			\$7,500	
Deputy wages			1,379	
Office supplies			1,070	
Contractual services			3,320	
Dues			26	
TOTAL TREASURER	\$15,200	\$15,200	\$13,295	\$1,905
TOTAL CEMETERY	\$2,210	\$2,210	\$2,345	(\$135)

The accompanying notes are an integral part of the financial statements

GREENLAND TOWNSHIP
MAJOR GOVERNMENTAL FUND
GENERAL FUND
DETAIL OF EXPENDITURES AND COMPARISON WITH BUDGET

Year ended March 31, 2006				
	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Township Properties:				
Wages			\$3,560	
Supplies			634	
Contractual costs			5,631	
Transportation			58	
Printing and publishing			56	
Insurance			13,900	
Utilities			5,002	
Repairs & maintenance			2,129	
Capital improvements			1,500	
	\$44,500	\$44,500	\$32,470	\$12,030
TOTAL GENERAL GOVERNMENT	\$87,127	\$87,127	\$75,865	\$11,262
Public Safety:				
Fire Protection:				
Wages			\$832	
Operating supplies			2,787	
Contractual services			3,889	
Communications			863	
Printing and publishing			21	
Utilities			2,801	
Repairs and maintenance			752	
Miscellaneous			74	
TOTAL FIRE PROTECTION	\$16,700	\$16,700	\$12,019	\$4,681
ZONING	\$1,200	\$1,200	\$123	\$1,077
TOTAL PUBLIC SAFETY	\$17,900	\$17,900	\$12,142	\$5,758

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
MAJOR GOVERNMENTAL FUND
GENERAL FUND
DETAIL OF EXPENDITURES AND COMPARISON WITH BUDGET

Year ended March 31, 2006				
<u>BUDGETED AMOUNTS</u>				
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Public Works:				
Street & Roads				
Road improvements	\$64,500	\$64,500	\$12,000	
Street lights	12,000	12,000	10,953	
Total Street and Roads	\$76,500	\$76,500	\$22,953	\$53,547
SANITATION			\$220	(\$220)
TOTAL PUBLIC WORKS	\$76,500	\$76,500	\$23,173	\$53,327
Recreation and Culture:				
Library:				
Wages			\$3,467	
Operating supplies			383	
Transportation			15	
Communications			362	
Rental costs			1,500	
Repairs and maintenance			576	
Total Library	\$6,200	\$6,200	\$6,303	(\$103)
Parks:				
Contractual costs			\$180	
Repairs & maintenance			223	
Capital outlay			4,006	
Total Parks	\$7,700	\$7,700	\$4,409	\$3,291
TOTAL RECREATION & CULTURE	\$13,900	\$13,900	\$10,712	\$3,188

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
MAJOR GOVERNMENTAL FUND
GENERAL FUND
DETAIL OF EXPENDITURES AND COMPARISON WITH BUDGET

Year ended March 31, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
TOTAL OTHER	\$5,800	\$5,800	\$1,296	\$4,504
 TOTAL EXPENDITURES	 \$219,227	 \$219,227	 \$135,356	 \$83,871
 TRANSFERS TO OTHER FUNDS	 \$740	 \$740	 \$861	 (\$121)

The accompanying notes are an integral part of the financial statements

GREENLAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
MAJOR FUND
FIRE FUND

Year ended March 31, 2006 Special Revenue Fund				
	<u>BUDGETED AMOUNTS</u>			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Revenues:				
Property tax revenues	\$10,000	\$10,000	\$12,714	\$2,714
Interest income			237	237
Other income			1,615	1,615
	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$14,566</u>	<u>\$4,566</u>
Expenditures:				
Contract costs	\$	\$	\$	\$
Equipment purchase	7,325	7,325	6,545	780
Debt service:				
Principal	14,000	14,000	14,000	
Interest			509	(509)
	<u>\$21,325</u>	<u>\$21,325</u>	<u>\$21,054</u>	<u>\$271</u>
Excess of Revenues over (under) Expenditures	(11,325)	(11,325)	(6,488)	4,837
Other Financing Sources (Uses):				
Transfers from other funds				
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(11,325)	(11,325)	(6,488)	4,837
Fund Balance 3/31/2005	<u>27,693</u>	<u>27,693</u>	<u>27,693</u>	
FUND BALANCE 3/31/2006	<u>\$16,368</u>	<u>\$16,368</u>	<u>\$21,205</u>	<u>\$4,837</u>

The accompanying notes are an integral part of the financial statements.

COMBINING BALANCE SHEET – GOVERNMENTAL FUNDS
NON-MAJOR FUNDS
GREENLAND TOWNSHIP

March 31, 2006
Special Revenue Funds

	<u>Liquor Law Enforcement</u>	<u>Building Inspections</u>	<u>Housing Program</u>	<u>Totals</u>
Assets:				
Cash in bank	\$	\$	\$12,961	\$12,961
Accounts receivable				
Allowance for doubtful accounts				
Prepaid expenses				
Accrued interest income				
Total Assets	<u>\$</u>	<u>\$</u>	<u>\$12,961</u>	<u>\$12,961</u>
Accounts payable	\$	\$	\$	\$
Total Liabilities				
Fund balance- unreserved			12,961	12,961
Total Equity & Liabilities	<u>\$</u>	<u>\$</u>	<u>\$12,961</u>	<u>\$12,961</u>

The accompanying notes are an integral part of the financial statements.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUNDS
NON-MAJOR FUNDS
GREENLAND TOWNSHIP

Year ended March 31, 2006

Special Revenue Funds

	<u>Liquor Law Enforcement</u>	<u>Building Inspections</u>	<u>Housing Program</u>	<u>Totals</u>
Revenues:				
State grants	\$1,451	\$	\$	\$1,451
Charges for services		3,727		3,727
Interest income			129	129
Total Revenues	\$1,451	\$3,727	\$129	\$5,307
Expenditures				
Public safety	\$1,389	\$4,650		\$6,039
Miscellaneous				
Total Expenditures	\$1,389	\$4,650		\$6,039
Excess (Deficiency) of Revs over Expenditures	\$62	(\$923)	\$129	(\$732)
Other financing sources (use)- Operating Transfers	(62)	923		861
Excess (Deficiency) of Revenues and Other Financing Source Over Expenditures and Other Financing Use			129	129
Fund Balance 3/31/05			12,832	12,832
Fund Balance 3/31/06	\$	\$	\$12,961	\$12,961

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NON-MAJOR FUND - LIQUOR FUND

Year ended March 31, 2006

Special Revenue Fund

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
State Shared Revenues	\$1,400	\$1,400	\$1,451	\$51
Interest income				
	<u>1,400</u>	<u>1,400</u>	<u>1,451</u>	<u>51</u>
Expenditures:				
Enforcement costs	\$1,340	\$1,340	\$1,389	(49)
	<u>1,340</u>	<u>1,340</u>	<u>1,389</u>	<u>(49)</u>
Excess of Revenues over (under) Expenditures	60	60	62	2
Other Financing Sources (Uses):				
Operating transfers out	<u>(60)</u>	<u>(60)</u>	<u>(62)</u>	<u>(2)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses				
Fund Balance 3/31/2005	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
FUND BALANCE 3/31/2006	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON-MAJOR FUND-BUILDING INSPECTION FUND

Year ended March 31, 2006

Special Revenue Fund

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
Permit fees	\$1,000	\$1,000	\$3,727	\$2,727
Interest income				
	<u>1,000</u>	<u>1,000</u>	<u>3,727</u>	<u>2,727</u>
Expenditures:				
Enforcement costs	\$1,800	\$1,800	\$4,650	(\$2,850)
	<u>1,800</u>	<u>1,800</u>	<u>4,650</u>	<u>(2,850)</u>
Excess of Revenues over (under) Expenditures	(800)	(800)	(923)	(123)
Other Financing Sources (Uses):				
Operating transfers in (out)	<u>800</u>	<u>800</u>	<u>923</u>	<u>123</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses				
Fund Balance 3/31/2005	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
FUND BALANCE 3/31/2006	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of the financial statements

GREENLAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON-MAJOR FUND-HOUSING PROGRAM

Year ended March 31, 2006

Special Revenue Fund

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
Interest income	\$	\$	\$129	\$129
			129	129
Expenditures:				
Administration	\$	\$	\$	\$
Excess of Revenues over (under) Expenditures	\$	\$	\$129	\$129
Other Financing Sources (Uses):				
Operating transfers in (out)				
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$	\$	\$129	\$129
Fund Balance 3/31/2005	\$12,832	\$12,832	\$12,832	\$
FUND BALANCE 3/31/2006	\$12,832	\$12,832	\$12,961	\$129

The accompanying notes are an integral part of the financial statements

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Supervisor and Members of the Board
Greenland Township
Mass City, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greenland Township as of and for the year ended March 31, 2006, which collectively comprise the Greenland Township basic financial statements and have issued our report thereon dated November 10, 2006. We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greenland Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing the audit, we considered the Greenland Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements.

Reportable condition noted in our review is described as follows:

1. The Township Clerk Office did not maintain complete and accurate set of general ledgers for all funds in allowing for an expedient audit. Our review noted various bank accounts were not reconciled to accounting records; duplicate posting; interfund transactions were not posted consistently between funds; and failure to analyze accounts for accuracy prior to audit effort.

During the audit period, the Township Clerk position experience several turnovers which would account for the accounting errors and omissions.

Training should be provided for the latest Township Clerk to avoid repeating of past mistakes. An accurate set of records and financial statements will allow the Township Board to make more qualified financial decisions.

2. The present Sewer billing clerk in attempting to resolve prior posting and billing errors regarding customer accounts encountered numerous administrative errors. Applications of past payments were not always accompanying with a customer billing statement and were posted to a suspense account. Furthermore, rate changes and accounts placed upon tax rolls were not correctly reflected on the customer statement. After several adjustments based upon customer's inquiries and researching past payments, the Township is in a position to bill customer's on a quarterly basis to prevent or limit billing errors. A substantial amount of time was utilized in preparing an accurate listing of customer's account balances at year end, again, delaying the completion of a timely audit.

We would recommend quarterly billings be accomplished which should result in a steadier cash flow and to prevent or minimize potential billing errors.

3. The Township will need to conduct a physical inventory of all fixed asset holdings of the Township to assure existence and condition. This listing should be compared with the Township's insurance policy to allow for adequate coverage from various types of losses.

The Township has not undertaken a physical inventory over the past several years to determine the extent of asset ownership.

4. Our audit confirmation process identified additional fire department accounts that have not been included in the Township's annual audit. While, the source of monies and amounts has not been disclosed, any monies raise by an entity in the name of the Township, becomes part of the Township's holdings and is financial responsibility and accountable for.

We would encourage the Township Board to determine whether the monies should be incorporated into future audits of the Township or have the fire department establish a separate non-profit entity, to collect and disburse monies in its own name.

5. The Township may want to explore the various methods used to backup data on the computers in use and to safeguard backups. Currently, the computers in use are not password protected nor has there been any systematic routine in backing up data and storing of such off premises.

A material weakness is a reportable condition in which the design or operation of one of more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We consider the above items 1 through 4, to be a material weakness. We noted no other material weakness involving internal control elements over financial reporting and its operations that require disclosure.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Members of the Board, is a matter of public record.



Roger J. Kolehmainen PC
Certified Public Accountant

November 10, 2006